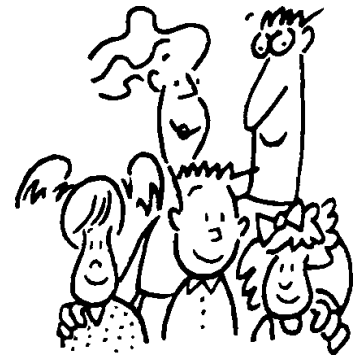




WHAT DOES IT MEAN FOR ME?



A STEP-BY-STEP,
INTERACTIVE TOUR
FOR ACTIVE MEMBERS

VERSION 6.0 1.19.01

Purpose

The purpose of this guide is to provide you, our over 75,000 active members, with a tool that will enable you to evaluate how RetirementPlus affects you—your retirement benefits and contribution costs—in order to help you make an informed decision about whether to elect to participate in the program or not.

This guide will:

- n provide an overview of the provisions of Chapter 114 of the Acts of 2000;
- n walk you through the steps to evaluate the potential benefits and costs of RetirementPlus to you, allowing you to enter your retirement data; and,
- n provide you with an **approximation** of the benefits and costs of RetirementPlus for you.

This guide will NOT:

- n provide detailed explanations of the provisions of Chapter 114 of the Acts of 2000—please refer to our web site (www.state.ma.us/mtrb) for detailed information;
- n use any of your retirement data contained in the MTRB's records—the calculations are based on the data provided by you; or,
- n provide you with exact figures of the benefits and costs of RetirementPlus for you.

If you have any questions about the information contained in this guide or about your retirement benefits, please contact the MTRB for additional information.



BOSTON OFFICE 69 CANAL STREET, BOSTON, MA 02114-2006 n 617-727-3661 n FAX 617-727-6797

WESTERN REGIONAL OFFICE 101 STATE STREET, SPRINGFIELD, MA 01103-2066 n 413-784-1711 n FAX 413-784-1707

ONLINE WWW.STATE.MA.US/MTRB

Disclaimer: This retirement allowance guide and calculator is provided solely as an illustration of certain benefit calculation formulas. The MTRB accepts no responsibility for any errors or defects in this guide or calculator or in any data you may input. The MTRB retains no record of estimates produced by this guide. Accordingly, no estimate produced by this guide shall be in any way binding upon the MTRB, which has sole authority under the law to determine your retirement benefits. All data used in the actual calculation of your allowance at retirement is subject to audit, verification and possible recomputation if any subsequent errors are discovered. This guide is not intended as a substitute for the Massachusetts General Laws nor will its interpretation prevail should a conflict arise between it and M.G.L. c.32.

ABOUT THIS GUIDE



How to use this guide

Because this guide is in portable document format (pdf) for use with Adobe® Acrobat Reader® 4.0 or later and has security settings, you will be able to enter data in certain fields and print individual pages or the whole document, but you will not be able to “save” your document with the entered data. In other words, **once you close this document, all changes to the data fields will be lost and the fields will revert to blanks or the default settings.**

To get the most out of this guide, please:

- n **Go through the guide page-by-page**—answering the interactive questions and entering any requested data—using the Next or Previous buttons to proceed or go backward. **This is important because some of the calculations on one page are based on data that you enter on a previous page.**
- n For future reference, **print the pages that show your calculations.**
- 1 **Explore your options under different scenarios**—change your retirement data on page 8 and see how your benefits on page 11 change.

If you are not familiar with the features of Acrobat Reader®, you might want to spend a few minutes exploring the toolbars and learning how to enlarge the screen (use the page icons at the top or click on the percentage at the bottom left) and print individual pages (see your options under the File menu).

So sit back with a cup of tea, coffee or your favorite beverage—and enjoy the tour!

ABOUT THE NEW LAW

Chapter 114 of the Acts of 2000

On June 22, 2000, the Massachusetts Legislature enacted Chapter 114 of the Acts of 2000. This legislation makes major changes in the retirement law and affects all members of the Massachusetts Teachers' Retirement System.

The three main components of the legislation provide:

- n **Pre-1975 Maternity Leave Purchase:** Members—male or female—who established membership in the MTRS or the State-Boston Teachers' Retirement System as a teacher **before** 1975, and who left teaching or took a leave for maternity or adoption purposes **before** 1975, may purchase up to four years of that time as creditable service.
- n **Benefit Enhancement, or "RetirementPlus":** Retirement benefits for eligible and participating members are increased by 2 percent for each full year of creditable service in excess of 24 years, up to the statutory maximum of 80 percent.
- n **Re-employment after retirement:** During a period of a "critical shortage" of teachers as declared by local school districts, MTRS retirees may return to public teaching service in Massachusetts without restriction. Members who retire under RetirementPlus, however, must be retired for at least two years before they may be rehired without restriction. In the absence of a "critical shortage," the existing restrictions on re-employment in a Massachusetts public position apply to all retirees.

If you are a member of the MTRS before July 1, 2001, you will have the choice of participating in RetirementPlus or not. The election period for current members is from January 1, 2001 through June 30, 2001; by March 1, 2001, we will send each member a packet of information as well as an election form. Effective July 1, 2001, all **new** members will be subject to RetirementPlus and be required to contribute at the new, flat rate of 11 percent.

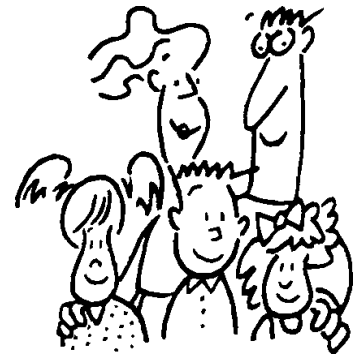
The remainder of this guide addresses the benefit enhancement component. For additional information on pre-1975 maternity leave purchases or re-employment after retirement, please refer to our web site (www.state.ma.us/mtrb).

THE ISSUE

Will RetirementPlus make financial sense for me?

Depending on your personal situation, the retirement allowance enhancement afforded under RetirementPlus may or may not be of benefit to you.

To retire with an enhanced benefit, you must meet **two creditable service requirements and contribute at the new rate of 11 percent for at least five years** or, if you are retiring within less than five years (before July 1, 2006), pay the equivalent of five years of retirement contributions at 11 percent, based on your last 12 months' salary. Accordingly, depending on when you want to retire, you will have to weigh the increase in your retirement benefit against the cost of participating in RetirementPlus.



The two creditable service requirements are:

- 1) You must have at least 20 years of membership service in the Massachusetts Teachers' Retirement System or the State-Boston Retirement System as a teacher. In addition to your regular membership service, there are two types of purchased service that count toward the 20 years of "teaching" service:
 - n repayment of a refund from the MTRB or the State-Boston Retirement System for service as a teacher, and
 - n if you began service on a temporary or part-time basis, the purchase of your mandatory six-month waiting period.

All other types of purchased service do **NOT** count toward the 20 years of "teaching" service (out-of-state teaching, nonpublic school teaching, substitute teaching, pre-1975 maternity leave, military service and other Massachusetts government service).

- 2) You must have a total of at least 30 years of creditable service.

Before you proceed any further, you will need to ask yourself these important questions:

Q1) If I eventually retire from the Massachusetts Teachers' Retirement System, on my intended date of retirement, will I have a total of at least 30 years of creditable service—of which 20 are years of Massachusetts teaching service?

Select your answer: No Yes I don't know

Q2) Will the increase in my retirement allowance under RetirementPlus make sense for me financially, given my cost to "buy out" up to five years of contributions at 11 percent or to contribute at an 11 percent rate from July 1, 2001 until my retirement date?

[Click here for the answer...](#)

THE ISSUE

CONTINUED

To determine if RetirementPlus will make financial sense for you, we will walk you through the following steps in this guide:

**STEP
1**

Determine if you are eligible to purchase pre-1975 maternity leave service.

**STEP
2**

Review the retirement basics.

**STEP
3**

Enter approximate data for your intended date of retirement.

**STEP
4**

Review your estimated retirement benefits under the **regular formula**, both with and without any additional creditable service purchase(s).

**STEP
5**

Review your estimated retirement benefits under **RetirementPlus**, both with and without any additional creditable service purchase(s).

**STEP
6**

Pause—and compare your estimated benefits under both formulas.

**STEP
7**

Calculate your cost to participate in RetirementPlus.

**STEP
8**

Look at the whole picture—evaluate your benefits and costs and determine what makes sense for you.



Don't worry—this is not a difficult process. It will take you more than a few minutes to go through all eight steps, but this **IS** your retirement and, we believe, it will be time well spent.

Ready? Click Next to begin...

STEP 1

Determine if you are eligible to purchase pre-1975 maternity leave service.



If you are one of the over 16,000 members that we identified as most likely to be eligible to purchase this service, you should have received an application to purchase this service from us by the end of September 2000.

If you did not receive an application from us, please take this quiz to determine if you are eligible to purchase this service.

- 1) Did you take a leave for maternity or adoption purposes prior to January 1, 1975? Yes No
- 2) If "yes," were you either a member in service of the Massachusetts Teachers' Retirement System or a member in service with the State-Boston Retirement System as a teacher, within the nine months immediately before the birth or adoption of your child? Yes No
- 3) Do you have at least ten years of creditable service now, or will you have accumulated at least ten years of creditable service by December 31, 2001? Yes No
- 4) Will you be an active member of the MTRS on the date on which you wish to purchase this service (between September 20, 2000 and December 31, 2001)? Yes No

If you answer...

- n **No to ANY** of these questions, you are **NOT** eligible to purchase this type of creditable service. Please proceed to the next page.
- n **Yes to ALL** of these questions, you may be eligible to purchase up to four years of creditable service for your maternity leave(s).

If you did not receive an application in the mail, please review the detailed information on pre-1975 maternity leave purchases on our web site (www.state.ma.us/mtrb/72active/721matlv.htm) and download an application.

ENTER number of years of maternity leave commencing prior to 1975 (up to 4.0) years

This information will be used later in this guide to provide you with a comparison of your estimated benefits both with and without your maternity leave purchase, so that you can determine if it makes sense for you to purchase this service.

STEP 2

Review the retirement basics.

Eligibility

You are eligible to receive a **regular** retirement allowance when:

- n you have 20 years of creditable service, regardless of your age, **OR**
- n when you are at least age 55 *and* you have at least 10 years of creditable service.

The formula

Your retirement allowance is based on three factors:

- n your age,
- n your years of creditable service and
- n the average of your three highest consecutive years' salaries.

Generally, the greater any of these factors, the greater your retirement allowance.

The three options

The Massachusetts Retirement Law (M.G.L. c. 32) regulates your retirement allowance and allows you to choose one of three benefit options. These options differ with regard to the amount paid and whether any benefits will be paid to someone else after your death.

Option	Benefit amount	Survivor benefit
A	Maximum amount	None
B	3 - 5 percent less than the Option A amount	Lump-sum payment of the balance, if any, remaining in your MTRS annuity savings account at the time of your death. There is no restriction on beneficiary designation.
C	20 - 30 percent less than the Option A amount	Monthly survivor benefit equal to 2/3 of your retirement allowance paid to your beneficiary for the remainder of his or her life. Your beneficiary must be your spouse, parent, child, sibling or former spouse who has not remarried.



Enter your data.
Remember, this is an estimate—
it's OK to use approximate figures.



YOUR AGE

- 1) **SELECT** your age on your projected date of retirement ***Required***
This field also shows your retirement age factor

YOUR CREDITABLE SERVICE

- 2) **ENTER** your current number of years of creditable service (in tenths; e.g., 22.5, 38.8) years ***Required***
- 3) **ENTER** your remaining number of years of MTRS service until your retirement date (in tenths; e.g., 2.5, 29.6) years ***Required***
- 4) **Maternity Leave Purchase** (if any): If you entered any service data on page 6, it will appear here years
- 5) **Other Purchases** (if any): If you have applied to purchase any other past creditable service, or if you have any past creditable service you may be eligible to purchase, **ENTER** the total number of years. years
- 6) Your total non-purchased creditable service. years (lines 4 + 5)
- 7) Your projected creditable service at retirement:
- a) **WITHOUT** any additional service purchases years (lines 2 + 3)
- b) **WITH** additional service purchases years (lines 2 + 3 + 6)

See our web site for details on what constitutes creditable service and how you go about purchasing past service.

YOUR 3-YEAR SALARY AVERAGE

- 8) **ENTER** your projected 3-year salary average at retirement (without \$ or , e.g., 45000, 125000) ... ***Required***
- 9) **ARE** you a veteran? No Yes
If you are a veteran, you receive \$15 for each year of teaching service, up to a maximum of \$300.

OPTIONAL YOUR OPTION C BENEFICIARY DATA

- 10) **SELECT** your age on your birthday that is closest to your retirement date... **...and SELECT** your beneficiary's age on his or her birthday that is closest to your retirement date...
- | | | | |
|----|----|----|----|
| 52 | 56 | 60 | 64 |
| 53 | 57 | 61 | 65 |
| 54 | 58 | 62 | 66 |
| 55 | 59 | 63 | 67 |

STEP 4

Review your estimated benefits under the regular formula, both with and without any additional service purchases.

REGULAR FORMULA

WITHOUT
additional
service purchases

WITH
additional
service purchases
(at line 6 on page 8)

DIFFERENCE

THE RETIREMENT FORMULA

	Your retirement age factor			
x	Years of creditable service	x	x	
	Your % of salary average Note: This may not exceed 80%.			
x	Your projected 3-year salary average	x	x	
	Option A subtotal			
+	Veteran's bonus, if applicable	+	+	
	Your Option A allowance	/yr	/yr	/yr
		/mo	/mo	/mo

Your Option B allowance is generally 3–5% less than Option A; however, it may be even 10% less. For the purposes of this guide, your Option B allowance is shown as 4% less than Option A.

Your Option B allowance	/yr	/yr	/yr
	/mo	/mo	/mo

Your Option C allowance is based on a factor determined by your age and your beneficiary's age. The member-survivor benefit is payable only under Option C and is equal to 2/3 of your Option C allowance.

Your Option C allowance	/yr	/yr	/yr
	/mo	/mo	/mo
Your Option C survivor benefit	/yr	/yr	/yr
	/mo	/mo	/mo

Now proceed to the next page to review your estimated benefits under RetirementPlus.

STEP 5

Review your estimated benefits under RetirementPlus,
both with and without any additional service purchases.

Under RetirementPlus, your “% of salary average” is increased by an additional 2 percent for every full year of creditable service over 24 years, available after 30 years, up to the statutory maximum of 80 percent.



RETIREMENTPLUS FORMULA

WITHOUT
additional
service purchases

WITH
additional
service purchases
(at line 6 on page 8)

DIFFERENCE

Your additional %
under RetirementPlus
Note: You will receive only the amount
of this percentage needed to reach
the maximum of 80%.

Your % of salary average
under RetirementPlus
Note: This may not exceed 80%.

Your Option A allowance	/yr /mo	/yr /mo	/yr /mo
Your Option B allowance	/yr /mo	/yr /mo	/yr /mo
Your Option C allowance	/yr /mo	/yr /mo	/yr /mo
Your Option C survivor benefit	/yr /mo	/yr /mo	/yr /mo

For a side-by-side comparison of your benefits under both formulas, click Next.

STEP 6

Pause—and compare your estimated benefits under both formulas.

Below is a recap of your figures from pages 9 and 10.

Take a breather, refill your beverage.

When you come back, compare and evaluate the differences for yourself.

	WITHOUT additional service purchases			WITH additional service purchases (At line 6 on page 8)		
	Regular	R+	Difference	Regular	R+	Difference
Your % of salary average Note: This may not exceed 80%.						
Option A	/yr	/yr	/yr	/yr	/yr	/yr
	/mo	/mo	/mo	/mo	/mo	/mo
Option B	/yr	/yr	/yr	/yr	/yr	/yr
	/mo	/mo	/mo	/mo	/mo	/mo
Option C	/yr	/yr	/yr	/yr	/yr	/yr
	/mo	/mo	/mo	/mo	/mo	/mo
Option C survivor benefit	/yr	/yr	/yr	/yr	/yr	/yr
	/mo	/mo	/mo	/mo	/mo	/mo

If it appears that RetirementPlus could be of benefit to you (that is, your benefits under RetirementPlus are greater than under the regular formula), go to Step 7 to determine what it will cost you to participate in RetirementPlus.

STEP 7

Calculate your cost to participate in RetirementPlus.

Like most things in life, however, there are costs associated with these benefits. In Step 7, you will determine your cost to participate in RetirementPlus.

The participation cost varies depending on when you plan to retire.

If you plan to retire:

On July 1, 2001—

the earliest date on which anyone may retire under RetirementPlus—
click the circle to go to Step 7A.

After July 1, 2001 and before July 1, 2006—

before you have contributed at the new,
11 percent rate for five years—
click the circle to go to Step 7B.

On or after July 1, 2006—

after you have contributed at the new,
11 percent rate for the minimum of five years—
click the circle to go to Step 7C.





Calculate your cost to participate in RetirementPlus:
For members retiring on July 1, 2001.

Members who retire in fewer than five years must pay the equivalent of five years at 11 percent.

In other words, if you are retiring on July 1, 2001, you must pay 55 percent of your last 12 months' compensation, minus the contributions you have made in the last five years of service.

- a) **SELECT** your contribution rate. 5% 7% 8% 9%
- b) Are you subject to the additional 2 percent contribution on your salary over \$30,000? Yes
If your contribution rate is 5%, the answer is **no**; if it is 8% or 9%, the answer is **yes**. No
If it is 7% and you became a member **on or after 1/1/79**, the answer is **yes**.
If it is 7% and you became a member **before 1/1/79**, the answer is **no**.

c) **ENTER** your (approximate) salaries during your last five years of creditable service

Year	Salary	Your estimated contributions
1 1996-97		
2 1997-98		
3 1998-99		
4 1999-00		
5 2000-01		
		Total contributions

Your RetirementPlus participation cost is estimated to be.
(55% of your last year's salary, or , less your
estimated total contributions of over the last five years)

If your age, creditable service and salary data as entered on page 8 correspond to the salary data you entered on this page, you will, under Option A, recover your participation cost:

- n in years, **without** any additional service purchases, or
- n in years, **with** your additional service purchases.



STEP

7B

Calculate your cost to participate in RetirementPlus:

For members retiring after July 1, 2001 and before July 1, 2006.

Members who retire in fewer than five years must pay the equivalent of five years at 11 percent, based on their last 12 months’ salary.

For example, if you are retiring on July 1, 2004, you will have contributed at 11 percent for three years (July 1, 2001 through June 30, 2004). Your RetirementPlus participation cost will be:

- the increase in your contributions during the three years that you contribute at 11 percent, **plus**
- the “buyout” of five years at 11 percent, less your contributions during those five years.

a) **SELECT** your contribution rate. 5% 7% 8% 9%

b) **Are you subject to the additional 2 percent contribution on your salary over \$30,000?** Yes
 If your contribution rate is **5%**, the answer is **no**; if it is **8% or 9%**, the answer is **yes**. No
 If it is **7%** and you became a member **on or after 1/1/79**, the answer is **yes**.
 If it is **7%** and you became a member **before 1/1/79**, the answer is **no**.)

c) **SELECT** only your last **five** years of creditable service and **ENTER** your actual or anticipated salaries

Year	Salary	Your estimated contributions
1997-98		
1998-99		
1999-00		
2000-01		
2001-02		
2002-03		
2003-04		
2004-05		

Your RetirementPlus participation cost is estimated to be

- This represents the sum of:
- The increase in your contribution rate to 11 percent for your last year(s):
 - The buyout of five years, less your contributions during your last five years
 (five years x 11%) x (your last salary of), or ,
 less your total contributions of during your last five years

If your age, creditable service and salary data as entered on page 8 correspond to the salary salary data you entered on this page, you will, under Option A, recover your participation cost:

- in years, **without** any additional service purchases, or
- in years, **with** your additional service purchases.





Calculate your cost to participate in RetirementPlus:
For members retiring after July 1, 2006.

If you elect to participate in RetirementPlus as of July 1, 2001 and then retire on or after July 1, 2006—after participating at the new rate of 11 percent for five years—you will have no additional “buyout” cost. Your participation cost will be the difference in your contributions paid over those five or more years.

For example, if you retire on July 1, 2006 under RetirementPlus, you will have contributed 11 percent of your salary for each of five years instead of your current rate—5, 7, 7+2, 8+2 or 9+2 percent—for those five years.

- a) **SELECT** your contribution rate. 5% 7% 8% 9%
- b) Are you subject to the additional 2 percent contribution on your salary over \$30,000? Yes
If your contribution rate is 5%, the answer is **no**; if it is 8% or 9%, the answer is **yes**. No
If it is 7% and you became a member **on or after 1/1/79**, the answer is **yes**.
If it is 7% and you became a member **before 1/1/79**, the answer is **no**.
- c) **ENTER** your current salary (without \$ or , e.g., 45000, 125000) .
- d) **ENTER** your remaining number of years of MTRS service
from 7/1/2001 until your retirement (must be 5.0 or greater) years

Assuming that there is NO change in your salary from now until your retirement,
your RetirementPlus participation cost is estimated to be

This represents the difference between:

- n What you would pay in contributions at your **current** rate
for the number of years until your retirement:
- n What you would pay in contributions at the
RetirementPlus rate of 11 percent for
the number of years until your retirement:

Note: Of course your salary is likely to change between now and your date of retirement. Depending on how much your salary increases over time, your future contributions at your current rate and the RetirementPlus rate of 11 percent will both be greater, as they represent a percentage of your salary.



STEP 8

**Look at the whole picture—
compare and evaluate your benefits and costs under the regular
and RetirementPlus formulas and determine what makes sense for YOU.**

For some, the answer will be obvious—for others, it'll be less clear. As much as we'd like to tell you what to do, we can't. You need to evaluate the pros and cons for yourself.

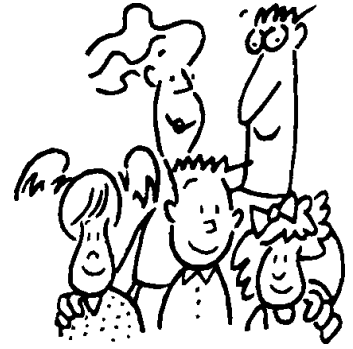
Here are some questions for you to consider in order to put RetirementPlus in perspective:

- n Look at your estimated regular benefits on page 9.**
 - ☐ If you have any past creditable service that you may be eligible to purchase, will purchasing that service allow you to reach the benefit level you desire?
 - ☐ If you have additional creditable service that you may purchase, do you need to purchase all—or just a portion—of that time to reach your goal? (To evaluate this question, on page 8, enter a lesser number of years in lines 4 or 5 and see what happens to your estimated retirement benefits on pages 9 and 10.)
- n Look at your estimated RetirementPlus benefits on page 10.**
 - ☐ Is there a difference between your benefits under the current formula and under RetirementPlus?
 - ☐ If so, how does the difference compare with your participation cost for your anticipated date of retirement (on page 13, 14 or 15)? Does the estimated increase in your retirement benefit—which will be a continuing payback every year of your retirement—outweigh the initial participation cost?
- n Consider your immediate financial needs.**
 - ☐ If you are retiring on July 1, 2001, do you have the financial resources to pay the buyout before your retirement date?
 - ☐ If you are retiring after July 1, 2001, will the increase in your contributions to the flat rate of 11 percent—and resulting decrease in your take-home pay—be an expense you can manage given your daily living budget?
- n Consider your private investment options.**
 - ☐ If you are retiring after July 1, 2001, would you be better off investing the difference between your regular and RetirementPlus contributions on your own?
 - ☐ Do you have the discipline and investment resources to invest the money you would otherwise pay in increased contributions?
- n Evaluate the pros and cons of retiring on different dates, when you are a little older—and when the factors in the retirement formula (your age, your years of creditable service and your salary) are greater.**
 - ☐ Enter different values on page 8 and see how your estimated benefits on pages 9 and 10 change.

What do you do now? Click Next to go the last page...



NEXT STEPS...



Is RetirementPlus right for you?

If you've made your decision, great. If not, that's OK too.

In either event, however, all current members will have to notify us of their decision to participate in RetirementPlus—or not—by June 30, 2001. As noted on page 3, the election period is from January 1, 2001 through June 30, 2001; by March 1, 2001, we will send each member a packet of information as well as an election form. If you elect to participate and want to retire:

- n **WITHIN FIVE YEARS**, we will ask you to notify us of your desired retirement date on your election form. We will then advise you of what needs to be done—and when—to meet the requirements of RetirementPlus. On July 1, 2001, your retirement contributions will be increased to a flat 11 percent on your regular compensation and will continue at that rate.
- n **AFTER JUNE 30, 2006**, you will not need to take any additional steps regarding RetirementPlus at the time of your election. As of July 1, 2001, your retirement contributions will be increased to a flat 11 percent on your regular compensation and will continue at that rate.

If you're unsure of what makes sense for you, come back to this guide later, when you have some uninterrupted time to digest this information. In the interim, visit our web site to find the answers to questions you may have that are not answered here, watch our videos on MassInteraction (formerly MCET) and, if you still have questions, talk to us.

You should also be aware that, depending on your retirement date, there are important tax issues you will need to consider. Please check our web site for details.

We hope that you found this guide helpful. Thank you for your time!

